

Senate Republican Policy Committee

Wednesday - 8 August 1962 - 1:00 p.m.

Rmm S- 41 the Capitol

**Come in on Senate Side of the Capitol and take
elevator up one flight to Senate Floor**

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6 August 1962

SOVIET STRATEGIC MILITARY CAPABILITIES

- I. Military strength is the primary underpinning for Moscow's policies and tactics in the non-Communist world.
 - A. Boasts of military superiority with emphasis on delivery capabilities of huge nuclear warheads are a constant in Soviet propaganda.
 - B. Khrushchev has many times referred to Europe as his hostage, which, country by country, could be easily destroyed using but a few missiles for each.
 1. Actually the Soviets have built up a large attack capability for Europe and Asia involving hundreds of medium-range missiles, medium and light bombers and an army of some 150 divisions.
 - C. But the Soviets know they cannot now or for foreseeable future expect to destroy the US strategic attack forces.
 1. It is this US strategic force that forces them to exercise caution in such situations as Berlin.
- II. They are therefore increasing their efforts to change balance between US and Soviet strategic attack capabilities.
 - A. They are building large ICBM attack capability in effort not only stalemate Western forces but create illusion of Communist military superiority.
 1. Are attempting improve retaliatory capability by shortening reaction times.
 2. Are almost certainly forced to undertake hardening of ICBM sites in order reduce vulnerability.

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3. Soviets are developing capability to launch medium-range missiles from submerged submarines, both diesel and nuclear powered.
 - a. Toward end of July, Khrushchev made trip for first time to the White Sea where according to a Soviet press story he observed a submerged missile launching.
4. Soviets also working hard on anti-missile defense and may achieve an initial operational capability within the next few years.

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6 August 1962

BERLIN

- I. Moscow has adopted harder attitude on Berlin to heighten sense of urgency in West for a settlement.
 - A. Authoritative Soviet statements stress Khrushchev line that separate peace treaty with East Germany will be signed soon, after which West will have to deal with GDR.
 - B. Soviets stonewalled in recent series of high-level talks, insisting on clearly unacceptable positions.
 - C. Increased pressures on Western rights in Berlin seem likely over next month or two.
 - 1. East German security personnel are being familiarized with procedures used in controlling Allied land access.
 - 2. Berlin Wall being fortified at stepped-up pace.
 - 3. Communists tightening controls along zonal border.
 - D. While Soviets appreciative of high risks involved, may have decided at long last to sign separate peace treaty.

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- 2. Sovs could sign abbreviated treaty altering conditions of access but without complete turnover of controls to East Germany.

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6 August 1962

ECONOMIC SITUATION IN COMMUNIST CHINA

- I. Downward drift of Chinese economy continues, with no recovery yet in sight.**
 - A. Agriculture producing barely enough to prevent starvation and crop prospects for 1962 are not promising.**
 - 1. Three years of poor weather and long neglect of agriculture has resulted in severe economic difficulties.**
 - a. Per capita food consumption declining as huge population--now over 700 million--increases at about 15 million people a year.**
 - b. Food shortage remains acute despite import from West of 5.3 million tons of grain in 1961 and about 4.5 million tons thus far in 1962.**
 - c. Food shortages have damaged morale and physical stamina of whole population.**
 - B. Severe slump in industry has disrupted regime's timetable for rapid industrialization.**
 - 1. Reports of factory closures, curtailment of production, unemployment, and raw material shortages have continued through first half of 1962, indicating inability of Peiping leaders to halt slump in industry.**
 - 2. Leadership seems indecisive over methods for arresting economic decline.**

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6 August 1962

CHINESE COMMUNIST MILITARY SITUATION

- I. Will briefly bring you up to date on the Chinese Communist military buildup which began early June in the Taiwan Strait area.
- II. Deployment to the coastal area--at least elements of 7 divisions--apparently is now completed. No new deployments have been reported since mid-June and situation is apparently stabilized.
 - A. Some air augmentation into area during period of the buildup but is believed to have involved less than 100 aircraft.
 - B. Continuing reconnaissance program by Chinese Nationalist aircraft has so far uncovered no evidence pointing to imminent assault against Offshore Islands.
- III. Appears Communist buildup in Strait area reflected Peiping's anxiety about possible Chinese Nationalist initiatives to exploit unrest on mainland.
 - A. Peiping's propaganda on the Taiwan Strait situation has dropped off considerably; in the few references to it, the Communists continue to focus on their ability to repel any Chinese Nationalist attack on the mainland.

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SOUTH VIETNAM

6 August 1962

I Government military performance improving, but at same time, Viet Cong showing more professionalism, including improved anti-aircraft techniques.

A. Viet Cong continue high rate of effective, small-scale attacks on military posts, strategic hamlets, and rail communications.

B. Also indications Viet Cong are further developing their military organization in the north-central highlands around cadres infiltrated from North Vietnam.

C. Recent unconfirmed sightings of well-armed units in areas near southern Laos, as well as stepped-up attacks in border provinces, suggest that infiltration again is increasing.

1. Infiltrators estimated to number 1600-1800 from May through mid-June, possibly including some North Vietnamese units from southern Laos.

2. Statements of a Viet Cong prisoner captured northeast of Saigon suggest some of this infiltration also reaching southern provinces.

II The Diem government is showing sensitivity to the recent proposal of the Viet Cong's Liberation Front for the neutralization of South Vietnam a la Laos.

A. The government denounces neutralism, and in July it reportedly arrested or detained oppositionists suspected of neutralist sympathies or possible coup plotting.

B. Some rumors of coup plotting may originate with the Viet Cong, but dissatisfaction with Diem continues in top military circles and a coup might be attempted.

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WORLD SITUATION

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this date and given to Mr. Knoche
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6 August 62

Handwritten: Beijing file

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